

NEWS FLASH – 18TH July, 2016

SUGAR

EID Parry to develop natural food colors to cater wellness market

Last year sugar industry across the globe was pushed to a record low in prices, the company said

Murugappa Group's EID Parry is working on developing natural food colours as part of strengthening its presence in the wellness space. It has mapped out plans to reduce the dependence on sugar by extending the core business to ethanol, biofuels, power and differentiated products.

The business is focusing on moving up the value chain by offering value added and more consumer appealing products from microalgae ingredients — Spirulina and Chlorella, said the company.

It is working on various projects for developing natural food colours such as Phycocyanin, one of the major pigment constituents and Chlorophyll from Spirulina. Also, red colour from Lycopene, which is found in fruits to address the emerging requirement from consumers for natural food colours.

The developments are in line with its future strategies and to de-risk the business. They plan to reduce the dependence on sugar by extending the business in less cyclical areas such as ethanol, bio fuels, power and differentiated products. Sugar business is cyclical, heavily dependent on unpredictable weather patterns, macroeconomic trends and volatile market prices. Last year sugar industry across the globe was pushed to a record low in prices, the company said.

It claims that it is the only company in the world, with the capability to produce all the three algae based dietary supplements — Spirulina, Chlorella and Astaxanthin. It has also launched Organic Chlorella, a dietary supplement which aids in detoxification, tissue regeneration and healthy ageing.

The turnover from nutraceuticals division was Rs 71.64 crore for the year ended March 31, 2016, representing three per cent of the Company's revenue, as compared to Rs 74 crore from the previous year. About 86 per cent of these are from exports.

It has initiated action to improve Spirulina sales by focusing on multi-level marketing customers in Asia. While Western Europe and North America remain its key markets, the coming years will see rapid expansion in the Asia Pacific and Indian sub-continent regions, the company added.

(Source-http://www.business-standard.com/article/companies/eid-parry-to-develop-natural-food-colours-to-cater-wellness-market-116071600423_1.html, published on 16th July, 2016)

Sugar, cotton prices to trend higher

Acreage in Maharashtra has fallen 7.2 per cent, while Karnataka is down three per cent from a year ago Uttar Pradesh and Tamil Nadu has reported higher sowing

Sugar's spot price is up 40.7 per cent since last October, on expectation of tight supplies, in the next season. The Sugar season is from October to following September. Since the April, prices had traded sideways, due to government policies on sugar export and stock limits.

To stabilise prices, government decided to impose duty of 20 per cent on sugar exports and imposed stock limits for traders and wholesalers to avoid hoarding.

According to preliminary prediction was from the Indian Sugar Mills Association, output is down seven per cent in 2016-17 to 23.3 million tonnes (mt). But, sowing under sugarcane, according to the agriculture ministry, was up 4.8 per cent at 4.6 million hectares as of the second week of July. Acreage in Maharashtra has fallen 7.2 per cent, while Karnataka is down three per cent from a year ago Uttar Pradesh and Tamil Nadu has reported higher sowing.

In the current season, farmers in Maharashtra and Karnataka are continuing with the existing cane or ratoon crop due to drought conditions. The yield from ratoon will be lower. The lower production for second year could further widen the sugar deficit. However, due to strict import and export policies, the supply and demand will be in balance and we expect the NCDEX October 2016 sugar contract (current price: Rs 3,860) to trade between Rs 3,800-4,000 a quintal until clear production estimates are known.

(Source-http://www.business-standard.com/article/markets/sugar-cotton-prices-to-trend-higher-116071800026_1.html, published on 18th July, 2016)

Supply's firm, sugar prices to stay stable till festive season

Sugar prices are likely to stay stable till August and go up only marginally with the onset of the festival season, industry executives said.

Prices remained rangebound over the past month due to fears of government intervention in case of an increase beyond Rs 40 per kg, they said. Besides, there is adequate supply for the next few months, although a shortage of sugar is expected in 2017-18 season. In Maharashtra, ex-mill prices of S-30 grade sugar remained stable at Rs 33-33.50 per kg. "There is no major consumption demand in the market. It's mainly the traders buying sugar and there is a limit to how much they can buy and sell. The main festivals, including Diwali, are in October," said a miller.

The central government has made it clear that it does not want retail prices to cross Rs 40 per kg. Some traders said prices will start rising from August, but others said that the upside is unlikely to be more than Rs 1.50 per kg.

(Source- <http://economictimes.indiatimes.com/markets/commodities/supplies-firm-sugar-prices-to-stay-stable-till-festive-season/articleshow/53256788.cms>, published on 18th July, 2016)

Co-gen/Power

South India has become power surplus: Goyal

Centre plans to enhance the power transmission capacity in the country by almost three times by 2020, Union Minister Piyush Goyal said today, adding that South India has achieved power surplus status due to various initiatives.

"We have brought solar revolution in a big way to India. In the last two years, there was highest ever renewable energy capacity expansion in wind and solar. In fact, solar energy capacity, which was 2,400 MW in 2014, has now crossed 7,000 MW," the Coal, Power and Renewable Energy Minister told reporters here.

Stating that gas-based power plants which were lying idle for lack of fuel have now started operations, he said most of these plants are in South India.

The minister said as much as 71 per cent of transmission capacity from the Northern and Eastern grids have been connected to South India.

"All these steps put together have led to South India becoming power surplus. They have the ability to provide power 24/7 throughout South India," he said.

"With all the thrust we are giving to renewable power, we are focusing to further increase the transmission capacity to make it nearly three times more than what it is today, by 2020," he added.

(Source-<http://indianpowersector.com/2016/07/south-india-has-become-power-surplus-goyal/>, published on 18th July, 2016)

Tata Power to increase share of non-fossil fuel energy to 40%

Tata Power has reiterated its commitment to produce clean energy by increasing the share of non-fossil fuel energy to 30-40% by 2025, up from its earlier target of 25%. MD-cum-CEO Anil Sardana talks about the company's existing operations and future plans in an email chat with TOI's B Sridhar

What is the current installed capacity of Tata Power in India and abroad in both fossil fuel and renewable energy? Where do you see it going in the next four to five years?

Tata Power, together with its subsidiaries and jointly controlled entities, has an installed gross generation capacity of 9184MW. The company has operating wind capacity of 647MW spread across six states. Further, TPREL (Tata Power Renewable Energy Ltd) has an additional 500MW of wind and solar capacity under development in Gujarat, Andhra Pradesh, MP, Karnataka and Telangana.

The company aims to have a 30-40% contribution from 'clean power sources' by 2022. For the next three years, the company has sketched out a capex of roughly 2,500 crores per annum.

The power sector, which was like a darling to every entrepreneur, seems to have lost its sheen? Do you see things getting back to normal as the regulatory environment gets better?

The power sector has undergone a host of reforms and this year has been quite eventful. We are happy that the government, in tune with the criticality of this sector, is addressing areas that need attention. So the business confidence of the sector has improved. This will help bring in more private investment and also help the government achieve its goal of 'Power for All'. Innovative schemes like dollar-denominated tariff, fund raising through Green Bonds, revision of Standard Bidding document, UDAY scheme for distribution are some of the enabling policies that have ushered the investment confidence of the sector. Moreover, the amendments to the Electricity Act will hopefully give the much-needed impetus to the distribution sector.

(Source- <http://indianpowersector.com/2016/07/tata-power-to-increase-share-of-non-fossil-fuel-energy-to-40/>, published on 16th July, 2016)

Hydro power generation picks up on sufficient monsoon rainfall

Ample monsoon rainfall has helped boost hydro power generation, which in the April-June quarter had dropped 11.5% from a year ago.

After two consecutive drought years, hydroelectric generation in the country had plummeted 17.5% in April and 16% in May from the year-ago months. However, sufficient rainfall towards the end of June replenished reservoirs and helped narrow the hydroelectric power generation gap to almost 2% less than the level last year in June.

"Monsoon has boosted generation in June and is likely to keep on increasing with rains," said a senior executive of state-owned hydro power producer National Hydro Power Corporation (NHPC).

NHPC recorded a 3.8% year-on-year growth in power generation in June. In the first quarter of this fiscal, the company had generated 7,459 GWH of power, a 3.5% drop from a year ago.

Due to the less snowfall last winters, even the key projects based on glacier water on the Sutlej river had been recording a drop in generation since March.

For instance, Sajjan Jindal-promoted JSW Energy's 1,000 MW Karcham Wangtoo project in Himachal Pradesh posted an 11.6% drop in generation. This has now picked up and touched last year's level.

SJVNL, a central PSU, which had posted an 11% year-on-year fall in generation in the first quarter of this fiscal, recorded a 5.3% increase in generation in June. The PSU, which

operates the 1500 MW Nathpa Jhakri and 412 MW Rampur projects, generated 3095 GWH of power in the quarter.

Over all, state-run National Thermal Power Corporation emerged the best performer in hydro power generation with a 450% increase in generation in the April-June quarter. The thermal power major generated 1,000 GWH of power at its single reservoir-based Koldam project.

"The generation was expected to fall after two drought years but it is likely to improve with rains," said Amit Paul, manager, regulatory affairs, Independent Power Producers Association of India (IPPAI). He expressed the need for more hydro power projects based on reservoirs.

North Eastern Electric Power Corporation Ltd is the only PSU to have sustained positive trajectory in hydro power generation. It posted a 23% increase in generation in the first quarter.

Hydro power generation in most state-owned utilities had dropped due to low capacity in reservoirs. The exceptions were power utilities of West Bengal and Jammu & Kashmir, which bucked the trend in the first quarter, registering an increase of 25 % and 35% over last year, respectively.

(Source-<http://economictimes.indiatimes.com/industry/energy/power/hydro-power-generation-picks-up-on-sufficient-monsoon-rainfall/articleshow/53230454.cms>, published on 16th July, 2016)

New York could soon boast nation's largest offshore wind energy project

New York's Long Island Power Authority is expected to approve a proposed 90-megawatt, 15-turbine wind farm east of Montauk next week. The project would be the nation's largest offshore wind energy farm at roughly three times the size of a similar farm coming to Block Island, Rhode Island.

"This is the first in New York, it's the largest to date, but we're looking at this and seeing a tremendous offshore wind resource that will be developed and it's not the last," Long Island Power Authority CEO Thomas Falcone told The Associated Press. "I think this is a very big step ... for New York, but also for the United States."

Negotiations between the LIPA and contractor Deepwater Wind, which will handle the project, are ongoing so exact cost remain unclear. The project could be up and running as soon as 2022.

The turbines will be placed 30 miles offshore, over the horizon. The project will produce energy for approximately 50,000 homes in the Hamptons.

(Source- <http://indianpowersector.com/2016/07/new-york-could-soon-boast-nations-largest-offshore-wind-energy-project/>, published on 17th July, 2016)

Focussed on expanding green transmission corridor, says Goyal

Union Power Minister Piyush Goyal on Friday said expanding the Green Corridor (a power transmission corridor for renewable power) is the central government mission and the per unit cost of solar power is now comparable with that of traditional power sources.

Queried about Tamil Nadu Chief Minister J.Jayalalithaa's request to Prime Minister Narendra Modi for dedicated transmission capacity for wind power, Goyal said: "Expanding the Green Corridor is the mission of our government."

Recently Jayalalithaa had written to Modi to direct Power Grid Corporation to allocate dedicated transmission capacity to evacuate surplus wind power from the state. She had stressed the importance setting up a dedicated inter-State Green Energy Corridor so that the surplus wind energy from Tamil Nadu can be successfully evacuated and sold to other States.

Goyal, who also handles the coal, new and renewable energy portfolios independently, said he had fruitful discussions with the Karnataka government on expanding the transmission capacity in South India.

(Source- <http://indianpowersector.com/2016/07/focussed-on-expanding-green-transmission-corridor-says-goyal/>, published on 16th July, 2016)

Business quote of the day

'There are no secrets to success. It is the result of preparation, hard work, and learning from failure.' *-Colin Powell*